

Message Text

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EB/IFD/ODF:RASWART
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R 042141Z JUN 75
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO

UNCLAS STATE 130496

E.O. 11652: N/A
TAGS: APUB, MX
SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO HOJALATA Y LAMINA
S.A. (HYLSA)

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$5.4 MILLION TO
HOJALATA Y LAMINA S.A. (HYLSA). RELEASE IS SCHEDULED FOR
ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPERS, WEDNESDAY,
JUNE 18, 1975.

QUOTE: EXIMBANK CREDIT OF \$5.4 MILLION SUPPORTS \$12 MILLION
SALE OF U.S. STEEL PLANT EQUIPMENT TO MEXICAN COMPANY

TO HELP FINANCE A \$12 MILLION SALE OF U.S. EQUIPMENT AND SERVICES
TO HOJALATA Y LAMINA S.A. (HYLSA) OF MONTERREY, MEXICO, THE
BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES
HAS AUTHORIZED A DIRECT CREDIT OF \$5.4 MILLION, ACCORDING TO
EXIMBANK'S CHAIRMAN WILLIAM J. CASEY.
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HOJALATA Y LAMINA WILL USE THE CREDIT AS PART OF ITS PLANNED
UPGRADING OF ITS INGOT PRODUCTION CAPACITY. U.S. PURCHASES WILL
INCLUDE EQUIPMENT AND FACILITIES FOR THE MODIFICATION OR IMPROVE-
MENT OF ELECTRIC FURNACES, CRANES, HOT ROLLING MILL, COLD ROLLING

MILL, PICKLING LINE, ANNEALING LINE AND WATER TREATMENT SYSTEM
FROM VARIOUS SUPPLIERS.

THE EXIMBANK CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. SALE.
A LOAN OF \$5.4 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED
WILL FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS AND HOJALATA
Y LAMINA WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE
BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PERCENT PER ANNUM.
THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE
SOURCES WHICH IS BASED ON CURRENT RATES, WILL RESULT IN A BLENDED
ANNUAL INTEREST COST TO THE BORROWER OF 8.7 PERCENT TO 8.7
PERCENT.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS BEGINNING
MAY 10, 1977, WITH EXIMBANK'S CREDIT TO BE REPAYED OUT OF THE LAST
10 INSTALLMENTS. UNQUOTE. KISSINGER

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